

Judicial Branch Budget Update

On Monday, July 11, 2005, the Governor signed the 2005-2006 state budget (SB 77 (Committee on Budget and Fiscal Review), Stats. 2005, ch. 38). The budget sent to the Governor included the following for the judicial branch:

- Approved \$130.7 million in new funding for the trial courts pursuant to the State Appropriations Limit (SAL) adjustment formula.
- Approved \$92.6 million for the budget year continuation of Provision 8 funding provided to the trial courts in the current year and additional current year deficiency monies that are still pending with the Legislature.
- Restored \$55 million of annual baseline trial court funding, which had been reduced in fiscal year 2004–2005.
- Approved budget bill language that earmarks up to \$5 million for funding Self-Help Centers. (Evaluation of impact pending.)
- Approved the undesignated fees compromise negotiated between the AOC and the California State Association of Counties for the purpose of protecting the trial courts from a \$31 million reduction. (AB 139 (Committee on Budget), Stats. 2005, ch. 74)
- Approved the Uniform Civil Fee (UCF) proposal as part of the budget to take effect January 1, 2006 and extended the court security fee surcharge until December 31, 2005. (AB 145 (Committee on Budget), Stats. 2005, ch. 75)
- Approved restoration of \$5.5 million one-time reduction that had been reduced in 2004-2005 and restored an additional \$2.2 million to the Supreme Court, Courts of Appeal, and the AOC that had been reduced by the Conference Committee.
- As part of the enactment of the budget, the Governor vetoed \$57.5 million from General Fund transfers to the Trial Court Trust Fund (TCTF). Because funding to the trial courts was not reduced, this action will have the effect of reducing reserves in the TCTF. This limits the resources available to address unanticipated shortfalls in various areas such as court appointed counsel, technology projects, and cash flow issues in years when the budget is late.
- The Legislature augmented the budget by \$29.5 million associated with projected annual revenues that would support aspects of the statewide uniform fee structure. The Governor also reduced the branch's budget by the amount of all the anticipated increases, except those related to the increased facilities fee. The UCF requires that each paid filing fee make a distribution to the Equal Access Fund; the set-aside for law libraries, dispute resolution, and children's waiting rooms; and information technology. The anticipated revenues were already obligated to pay for those items. Therefore, the General Fund reductions amount

to an unallocated reduction to the trial courts in the amount of \$9.8 million in 2005-2006, and an ongoing reduction in 2006-2007 in the amount of \$19.6 million.

After a series of meeting with the Department of Finance, the AOC reached agreements on the following changes to address the long-term effects of the budget vetoes:

- 1) Increase the appropriation authority in the TCTF to allow the Judicial Council to allocate funding from new filing fee and civil assessment revenues that are deposited in the TCTF.
- 2) Provide a General Fund transfer in 2006-07 to reverse the reduction in funding that is necessary for the set aside for law libraries, dispute resolution, and children's waiting rooms and the new funding for the Equal Access Fund that were approved as part of the UCF.
- 3) Allow the judicial branch to submit a Budget Change Proposal for a base adjustment in 2006-07 to address the long-term technology infrastructure needs in the branch.
- 4) Support a statutory change to continuously appropriate the TCTF to allow the Judicial Council to allocate funds from the TCTF absent a state budget.